



MEMORANDUM

To: Members of the House Committee on Commerce

From: Doug Roberts, Jr., Director of Environmental and Regulatory Affairs

Subject: HB 4733 and 4734 – Streamlining Brownfield Tax Credits under \$200,000

Date: 5/17/05

The purpose of this memo is to indicate that the Michigan Chamber of Commerce supports **House Bills 4733 and 4734**. The proposed legislation streamlines the review process for brownfield tax credits of \$200,000 or less. The proposed legislation will encourage the redevelopment of brownfield sites leading to job creation and investment in Michigan.

Background

The Single Business Tax (SBT) Act allows credits for taxpayers that develop contaminated property under an approved brownfield plan. Prior to 2003, smaller credits were issued by the Department of Treasury based on a set of statutory criteria. Pursuant to an executive order issued by the governor and subsequent legislation, projects involving credits of \$1 million or less are now approved by the MEGA/MEDC. The extensive review process now imposed on these smaller credits has led to selective determinations in many cases and uncertainty in the application process. Many smaller projects have been rejected out of hand by the MEGA/MEDC, in many cases resulting in termination of the projects. When projects are terminated the contaminated properties remain undeveloped.

Revenue Neutral Plan will encourage job creation in Michigan

This proposed legislation would ease the administrative burden on the MEGA/MEDC and provide for a level of certainty in the application process for credits of \$200,000 or less. The proposed legislation would make available an additional \$20 million for brownfield SBT credits without impacting the current budget. Under the current act, up to \$240 million per year is available for SBT credits. HBs 4733 and 4734 keep the \$240 million cap in place.

Use of these funds has the potential to dramatically increase redevelopment in Michigan. The increased redevelopment of contaminated and obsolete properties that would result from this proposed legislation will provide many long-term benefits to the state that would far exceed the amounts provided by the credits, including additional employment, increased tax base and SBT liability, not to mention the improvements of neighborhoods by refurbishing buildings and the benefits of environmental cleanup and public health protection.

Conclusion

The Michigan Chamber would like to applaud Representatives Elsenheimer and Baxter for introducing legislation to improve the brownfield tax credit process in Michigan. We would like to ask for your support of House Bills 4733 and 4734. If you have any questions, please feel free to contact me at (517) 371-2100.